

Message Text

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ACTION NEA-10

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R 230605Z NOV 76
FM AMEMBASSY MUSCAT
TO SECSTATE WASHDC 2685

C O N F I D E N T I A L SECTION 1 OF 2 MUSCAT 1445

E.O. 11652: GDS
TAGS: BTRA BDIS ETEL CPAS MU
SUBJECT: PROBLEMS OF TELECONSULT IN OMAN

REF: (A) MUSCAT 1153, (B) STATE 238661, (C) MUSCAT 1217, (D)
MUSCAT 1266, (E) STATE 269966

1. SUMMARY: TELECONSULT DIRECTOR RIZZONI VISITED OMAN NOV 4-12
AND BRIEFED EMBASSY ON OUTCOME HIS CONTACTS. PASSPORT PROBLEM
REMAINS DORMANT. HOWEVER, CONTRACTUAL RELATIONSHIP BETWEEN TELECONSULT

AND OMANTEL IS HEADING INTO STORMY PERIOD, FOR OMANTEL HAS STARTED
MOVE TO CONVERT TO INDIVIDUAL EMPLOYMENT CONTRACTS WITH SOME OF
TELECONSULT TECHNICIANS. OTHER PROBLEMS, LIKEWISE SERIOUS BUT MORE
ORDINARY IN NATURE, HAVE ARISEN NOT ONLY IN OMANTEL RELATIONSHIP
BUT ALSO IN SEPARATE PROJECT AT EARTH SATELLITE STATION. NEVERTHELESS,

RIZZONI HOPES CONTINUED AND EVEN EXPAND TELECONSULT ROLE IN OMAN.
HE ASKED EMBASSY SUPPORT. END SUMMARY.

2. DR. EITEL RIZZONI, DIRECTOR OF TELECONSULT INC., VISITED OMAN
NOV 4-12 TO CHECK INTO PROBLEMS IN THAT COMPANY'S OPERATIONS
HERE. HE BRIEFED EMBASSY EXTENSIVELY. FOLLOWING IS OUTLINE OF
SITUATION AS WE UNDERSTAND IT FOLLOWING HIS VISIT.

I. PASSPORT PROBLEM:

3. OMANTEL IS NOT ENFORCING ORDER TO FOREIGN PERSONNEL TO
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TURN OVER PASSPORTS, AND PRESENT INDICATION IS THAT ISSUE WILL

FADE AWAY. RIZZONI AGREES THAT EMBASSY APPROACH TO OMANGOV WOULD STIR UP MATTER AND BE COUNTERPRODUCTIVE. HE CONFIRMS THAT ONLY TELECONSULT AMERICANS COMPLYING WITH ORDER ARE LOUIS E. COOK AND HENRY W. ADAM, IN BOTH CASES VOLUNTARILY.

II. TELECONSULT-OMANTEL RELATIONSHIP:

4. RIZZONI WAS DISMAYED AT CLEAR INDICATIONS HE RECEIVED THAT OMANTEL INTENDS PHASE OUT CONTRACT WITH TELECONSULT AND REPLACE IT WITH INDIVIDUAL CONTRACTS TO BE SIGNED BY CERTAIN TELECONSULT TECHNICIANS. THIS HAS ALREADY HAPPENED WITH LOUIS COOK, WHO SWITCHED FROM TELECONSULT TO DIRECT OMANTEL EMPLOYMENT NOV 21. OTHERS HAVE RECEIVED SIMILAR OFFERS, EVEN THOUGH THEIR TELECONSULT STATUS NOT DUE TO EXPIRE FOR SOME TIME. IT NOT CLEAR WHETHER OMANTEL WISHES FORCE BREAK IN THEIR TELECONSULT CONTRACTS OR WAIT FOR CONTRACTS TO EXPIRE, AS IT DID WITH COOK.

5. RIZZONI ATTRIBUTES NEW OMANTEL POLICY TO THREE POSSIBLE MOTIVES:

A. DESIRE OF OMANTEL TO SAVE MONEY IN SHORT TERM BY "ELIMINATING MIDDLEMAN" AND DEALING DIRECTLY WITH TECHNICIANS HIRED. HE HAS HEARD COMPLAINTS ABOUT COST OF "EXPENSIVE AMERICAN EXPERTS". IF THIS IS AIM, RIZZONI THINKS IT MISGUIDED, BECAUSE HE BELIEVES OMANTEL WILL NEED GUIDANCE WHICH ONLY A FIRM LIKE TELECONSULT CAN PROVIDE FOR SEVERAL UPCOMING PROGRAMS, ESPECIALLY IF IT WISHES KEEP PACE WITH SATELLITE TECHNOLOGY. IN ANY CASE, RIZZONI CONSIDERS ATTEMPT SWITCH HIS PEOPLE TO INDIVIDUAL CONTRACTS "UNETHICAL" SINCE IT REDUCES TELECONSULT TO EMPLOYMENT AGENCY'S ROLE.

B. WISH OF CABLE AND WIRELESS LTD. TO RECOUP POSITION IN OMANTEL THAT WAS LOST TO TELECONSULT IN 1975. ACCORDING TO RIZZONI, CABLE AND WIRELESS, AND BRITISH OFFICIALDOM HERE IN GENERAL, RESENT TELECONSULT'S TAKEOVER OF OMANTEL MANAGEMENT AND ARE PRESSURING THE COMPANY TO REVERSE IT. SINCE CABLE AND WIRELESS CONTINUES TO OWN 40 PERCENT OF OMANTEL ASSETS AND MOST EQUIPMENT ORDERED IS BRITISH, PRESSURE IS DIFFICULT FOR OMANIS TO IGNORE. RIZZONI NOTED POINTEDLY THAT OMANTEL'S PRESENT CONTACT CONFIDENTIAL

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WITH CABLE AND WIRELESS FOR SUPPLY OF CONSULTANTS IS A MORE EXPENSIVE PACKAGE THAN ITS CONTRACT WITH TELECONSULT.

C. COMPETING PHILOSOPHIES OF COMPANY ORGANIZATION. RIZZONI NOTED THAT TELECONSULT ESPOUSED FROM THE FIRST THE AMERICAN CONCEPT OF AN INDEPENDENT TELEPHONE COMPANY. NOOR MUHAMMAD, THE GENERAL MANAGER OF OMANTEL, PREFERRED EUROPEAN CONCEPT OF PTT INCLUDING TELEPHONES. NOOR MUHAMMAD HAS EVIDENTLY

GOTTEN HIS WAY, SINCE HE WAS RECENTLY CONFIRMED AS PERMANENT HEAD OF BOTH OMANTEL AND PTT. THUS, HIS PERSONAL AMBITION IS INVOLVED, CAUSING HIM TO HAVE, AS RIZZONI PUT IT. "EMOTIONAL" ANTAGONISM TO TELECONSULT.

6. RIZZONI AT NO TIME ATTRIBUTED PROBLEM TO ANY DEFICIENCIES BY TELECONSULT, ALTHOUGH HE DID ADMIT TO "MANAGEMENT MIS-TAKES", NOT CLEARLY SPECIFIED, WHICH HE HOPED TO RECTIFY. HE SAYS HE GOT GENERALLY POSITIVE REACTION FROM OMANTEL OFFICIALS TO QUERIES ABOUT TELECONSULT'S TECHNICAL PERFORMANCE. THIS CONTRADICTS VERSION WE STILL RECEIVING FROM SOURCE MENTIONED REF (D) THAT OMANTEL UNHAPPINESS ABOUT COMPETENCE SOME TELECONSULT-SUPPLIED PERSONNEL IS BIG PART OF PROBLEM. FACTS REMAIN DIFFICULT TO SORT OUT AND MAY WELL INCLUDE ELEMENTS OF ALL RIZZONI'S REASONS LISTED ABOVE ALONG WITH SOME LAX PERSONNEL SELECTION AND/OR HANDLING BY TELECONSULT.

III. MISCELLANEOUS PROBLEMS:

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7. RIZZONI ALSO MENTIONED SOME SPECIFIC MONEY DISPUTES, NOT ONLY WITH OMANTEL BUT ALSO WITH OMANGOV IN CONNECTION SEPARATE CONSULTANCY AT EARTH SATELLITE STATION. ALTHOUGH SERIOUS, THESE APPEAR AT PRESENT TO BE MORE OR LESS ORDINARY ARGUMENTS OVER PAYMENT SCHEDULES AND INTERPRETATION OF CONTRACTS. RIZZONI COMMENTED THAT, GENERALLY SPEAKING, CONSULTANCY AT EARTH STATION IS PROCEEDING VERY WELL.

IV. TELECONSULT PLANS:

8. DESPITE ABOVE DIFFICULTIES, RIZZONI SAID MORE THAN ONCE HE HOPES CONTINUE TELECONSULT CONTRIBUTION TO OMAN, AND HE MENTIONED SEVERAL AREAS WHERE HE THOUGHT HIS COMPANY COULD PROVIDE USEFUL NEW SERVICES IN ADDITION CONTINUATION PRESENT ARRANGEMENTS. HE PLANS USE TELECONSULT'S LOCAL AGENT (ALAWI ENTERPRISES, OWNED BY ZAWAWI FAMILY) TO KEEP IN TOUCH WITH LOCAL OFFICIALS AT HIGH LEVEL. THIS PARTICULARLY IMPORTANT, HE FEELS, SINCE HE WAS UNABLE SEE EITHER MINISTER OR ACTING MINISTER OF COMMUNICATIONS DURING HIS VISIT.

9. RIZZONI ALSO EXPRESSED WISH FOR EMBASSY SUPPORT IN CONNECTION CONTRACTUAL PROBLEM WITH OMATEL, ALTHOUGH HE WAS NOT SPECIFIC ON HELP DESIRED. WE PROMISED ASSIST IN GETTING HIS CASE TO OMANGOV AT PROPER LEVEL AND SAID WE WOULD KEEP FINGER ON PULSE OF DEVELOPING SITUATION. AMBASSADOR PLANS SEEK VIEWS OF MINISTER OR ACTING MINISTER OF COMMUNICATIONS ON OMAN'S RAPIDLY EXPANDING TELEPHONE NETWORK, AND ADMINISTRATION THEREOF, AT NEXT OPPORTUNITY. CONFIDENTIAL

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